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EU-27

Grain and Feed

Annual

2008

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Report Highlights:
Following the reduced grains crop in MY 2007/8, this year's total EU grain crop is currently forecast to reach 286 MMT. The good planting conditions in late 2007, the high prices for grains and the removal of the mandated set aside requirement encouraged plantings. With winterkill limited, hopes are high for a good crop in both size and quality for MY 2008/9. Of course, as was demonstrated last season, much could occur between now and harvest to affect expectations. That aside, the improved crop prospects are currently forecast to lead to a partial recovery in the very low EU domestic stocks of grain, a return to a more traditional feeding pattern and a reduced reliance on imports - very unusually MY 2007/8 saw the EU a net importer of grain.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
London [UK1]
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Introduction

This report presents the outlook for grain and feed, and Production, Supply and Demand (PS&D) forecasts for the Marketing Year (MY) 2008/2009. Unless stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU and is not official USDA data.

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HA = Hectares
MT = Metric Tonne
MY = Marketing Year. Post estimates follow the EU local marketing year of July to June except for corn which follows an October to September calendar. USDA official data use July to June for wheat and October to September for all coarse grains
TY = July to June for wheat and October to September for coarse grains

Executive Summary

Total Grains PSD

Country:	EU-27									
Commodity:										
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	56297	0	56183	55861	0	56679	0	0	59078	(1000 HA
Beginning Stocks	46137	0	46137	31815	0	31119	24849	0	27082	(1000 MT
Production	263121	0	261782	256581	0	255761	0	0	286160	(1000 MT
MY Imports	13126	0	13140	23160	0	23366	0	0	15215	(1000 MT
TY Imports	13875	0	13140	22760	0	23366	0	0	15215	(1000 MT
TY Imp. From U.S.	2069	0	0	0	0	0	0	0	0	(1000 MT
TOTAL SUPPLY	322384	0	321059	311556	0	310246	24849	0	328457	(1000 MT
MY Exports	18561	0	18531	14060	0	14060	0	0	20260	(1000 MT
TY Exports	19363	0	18531	13760	0	14060	0	0	20260	(1000 MT
Feed	168207	0	167808	168212	0	166692	0	0	167755	(1000 MT
FSI Consumption	103801	0	103601	104435	0	102412	0	0	106100	(1000 MT
TOTAL consumptior	272008	0	271409	272647	0	269104	0	0	273855	(1000 MT
Ending Stocks	31815	0	31119	24849	0	27082	0	0	34342	(1000 MT
Total Distribution	322384	0	321059	311556	0	310246	0	0	328457	(1000 MT
Yield	4.6738	0	4.65945	4.5932	0	4.51245	0	0	4.84377	(MT/HA)

Note: Total grains is the true sum of wheat, barley, corn, rye, sorghum, oats and mixed grains

EU farmers are expected to harvest a grain crop of 286 MMT in the summer of 2008. Indeed, if the current favorable growing conditions prevail this forecast may rest on the low side. Such a crop will contrast strongly with the 2007 EU grain harvest that reached just 256 MMT, having been severely damaged by adverse weather conditions, especially in April, May and June in many key producing regions. The significant forecast production increase in MY 2008/9 can be partially attributed to a crop area increase of four percent. This is mainly the result of land freed for use by the ending of the EU's compulsory set-aside requirement. Other factors include the high grain prices, good planting conditions in late 2007 and a price driven propensity for farmers to plant higher yielding varieties and use more inputs. A mild winter and sufficient to good rains in recent months also bode well for the MY 2008/9 crop. While there remains some concern over the drought situation in the Iberian Peninsula, April rains have eased this somewhat. Similarly, the rest of the EU is now hoping for good rains and sunshine levels between now and harvest to avoid a repeat of MY 2007/8.

EU domestic use of grain is forecast to rise marginally to 274 MMT in MY 2008/9. Within this total, feed use is forecast to recover to 168 MMT. In MY 2007/08, while feed use is estimated to have fallen just 1.5 MMT, the short crops, the competitive price of EU wheat and barley on export markets, and the availability of third country corn and sorghum have upset the traditional EU feed mix. In particular, wheat use in feed rations is estimated to have fallen 4.7 MMT to 53.1 MMT. In contrast, the feeding of sorghum has almost quadrupled in MY 2007/08, all of the increase being imported and much of it from the US. Despite a 6.3 MMT lower EU corn harvest in the fall of 2007, corn use in feeding is estimated to remain on a par with the previous year's level of 48.7 MMT - the needed supplies have either been imported, mainly from biotech-free certified suppliers in Brazil, or sourced from EU intervention stocks. This year and through next we forecast a steady return to pre-price spike EU feeding patterns in view of the sizeable forecast EU grain harvest in 2008. In particular, feed use of wheat and rye is forecast to increase considerably in MY 2008/09, at the expense of imported sorghum and corn.

Food, Seed and Industrial (FSI) use of grain, relatively steady in MY 2007/8 at 102.4 MMT, is currently forecast to rise 3.7 MMT in MY 2008/9. The focus in MY 2007/08 has been on the high prices and limited supplies of current year grain, leading to increasing reports of processors living hand to mouth and speculating on an early start to the 2008 harvest. In contrast, the main focus in the out-year is on the use of grains in ethanol plants. This remains very difficult to forecast, there being many conflicting pieces of information on the market. What is known is that two leading ethanol facilities in Germany stopped processing in 2007 because of the significantly increased grain prices. Other European ethanol plants are at various stages of construction or completion and reports vary greatly as to their likely grain requirement in MY 2008/9. That said, it is thought that contracts may force some farmers to deliver grain irrespective of the need.

Within the past two and a half years, the EU has nearly depleted its intervention stocks that amounted to 16.5 MMT at the start of MY 2005/6. By the beginning of April 2008 they were down to only 236,000 MT of corn held in Hungarian intervention storage. Overall, EU grain ending stocks in MY 2007/08 will be down to 27.1 MMT compared to 46.1 MMT just two years earlier, all of this in commercial hands. The forecast larger crop in the summer of 2008 is expected to lead to improved pipeline supplies but little or no return to intervention.

Due to the short grain crop of 2007, the EU became a net importer of grains in MY 2007/08. Total imports are expected to reach 23.4 MMT, an increase of 10.2 MMT over MY 2006/07. Increases are primarily recorded for sorghum from the US and corn from Brazil. With grain growth conditions in both the EU and in the non-EU Black Sea region looking promising, it is currently anticipated that any grain shortages resulting from a smaller crop in Spain will be compensated by higher imports of feed wheat from Black Sea origins, export embargoes permitting. Total grain imports in MY 2008/09 are foreseen to decrease to more normal levels of just 15.2 MMT.

EU grain exports in MY 2007/08 are expected to decrease by 4.5 MMT to 14.1 MMT with most of this fall being wheat. The fall was tempered by the competitiveness of EU supplies on third country markets. A recovery of those exports to 20.3 MMT is forecast for MY 2008/09. If world grain demand and prices remain on current high levels it is likely that exports will increase even further at the expense of commercial re-stocking.

Wheat

Wheat PSD

Country	EU-27									
Commodity	Wheat									
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	24491	0	24459	24881	0	24708	0	0	26568	(1000 HA
Beginning Stocks	23391	0	23391	13955	0	16048	12136	0	13600	(1000 MT
Production	124800	0	124830	119646	0	119477	0	0	139000	(1000 MT
MY Imports	5137	0	5137	6500	0	6500	0	0	5500	(1000 MT
TY Imports	5137	0	5137	6500	0	6500	0	0	5500	(1000 MT
TY Imp. from U.S.	645	0	645	0	0	0	0	0	0	(1000 MT
Total Supply	153328	0	153358	140101	0	142025	12136	0	158100	(1000 MT
MY Exports	13873	0	13873	9000	0	9500	0	0	15000	(1000 MT
TY Exports	13873	0	13873	9000	0	9500	0	0	15000	(1000 MT
Feed Consumption	60200	0	57792	53665	0	53143	0	0	58250	(1000 MT
FSI Consumption	65300	0	65645	65300	0	65782	0	0	67500	(1000 MT
Total Consumption	125500	0	123437	118965	0	118925	0	0	125750	(1000 MT
Ending Stocks	13955	0	16048	12136	0	13600	0	0	17350	(1000 MT
Total Distribution	153328	0	153358	140101	0	142025	0	0	158100	(1000 MT
Yield	5.09575	0	5.10364	4.80873	0	4.83556	0	0	5.23186	(MT/HA)

Wheat production is forecast to reach 139 MMT in MY 2008/9, a rise of 9.5 MMT on the very disappointing 2007 harvest which was severely damaged by adverse weather conditions through April, May and June. In particularly, the 2007 wheat harvests in the key producing nations of France, Germany and the UK and also in the Benelux, Romania and Bulgaria were significantly below previous expectations.

Production in main producing countries

Country	Year		
	2006	2007	2008
France	35364	32829	38000
Germany	22428	20927	23900
UK	14735	13237	16200
Italy	6593	7133	9000
Poland	7060	8380	9000
Romania	4750	2876	5500
Denmark	4769	4490	4700
Hungary	4379	3988	4600
Czech Republic	3506	3939	4400
Bulgaria	3177	2260	3500
Benelux	2990	2609	3400

The significant forecast production increase in MY 2008/9 can be partially attributed to a wheat crop area increase of eight percent. The end of the EU's compulsory set-aside requirement for the 2008 harvest has seen farmers utilize some of this area for increased wheat plantings. However, this increase has been tempered by the marginal status of some of this land, competition from other crops - especially rapeseed for biofuels in a number of Member States including Bulgaria and the Czech Republic - and a willingness on the part of some farmers, particularly in the UK, to continue to sacrifice production for environmental benefit, monetary or otherwise. The increased area can also be attributed to idle land in some new Member States, such as Bulgaria, being brought into production. Other factors include the high wheat prices in late 2007 which are reported to have boosted the planted wheat area in a number of Member States including Poland and Italy, and good planting conditions in much of the EU. There have also been reports in the UK and Germany of farmers seeking to increase margins at this time of high prices by planting higher yielding but lower quality feed-type wheat varieties and use more, albeit expensive, inputs.

A mild winter and sufficient to good rains in recent months also bode well for the MY 2008/9 crop. Large crops are forecast for the key producing nations of France, Germany and the UK while other Member States, especially Romania, are forecasting much-improved crops on the low numbers recorded in MY 2007/8. The only exception is the Iberian Peninsula which has been suffering a severe drought. However, even here, April rains have buoyed previously pessimistic production forecasts. Attention is now firmly focused on timely rain and sunshine levels between now and harvest to avoid a repeat of MY 2007/8.

Total EU wheat consumption is forecast to increase 7 MMT in MY 2008/9 to 126 MMT. Consumption is estimated to fall 4.5 MMT in MY 2007/8. All of this reduction is due to reduced wheat use in feed rations and substitution by other grains and non-feed ingredients. The drivers for this are numerous; the very tight EU domestic grain supplies, high world prices and poor price competitiveness of wheat as a feed grain. Consequently, 4.7 MMT less wheat is estimated to be fed to animals in MY 2007/8, giving a total of 53.1 MMT. In view of the sizeable EU wheat harvest forecast for 2008, and despite expectations that prices will remain firm, feed use of wheat is foreseen to increase considerably in MY 2008/9.

With regards FSI use of wheat, the total is estimated little changed in MY 2007/8 with processors reported to be living hand to mouth and increasingly speculating on an early start to the 2008 harvest. With the hike in world wheat prices over the past year, large question marks remain over the economics of using wheat in ethanol production. This year has seen two wheat ethanol plants closed in Germany and a Spanish facility switch to sorghum. Other European ethanol plants are at various stages of construction or completion in France, Belgium and the UK as well as in a number of other Member States. Reports vary greatly as to their likely grain requirement in MY 2008/9. That said, it is thought that contracts may force some farmers to deliver grain irrespective of the need. Mixed fortunes in the starch sector in MY 2007/8 saw increased use in the UK but a decline and switch to corn in France. With a further increase in wheat usage for starch manufacture in the UK expected in MY 2008/9 and the expectation of some increase in the EU's usage of wheat for ethanol production, a marginal increase of 1.7 MMT to 67.5 MMT is forecast for the FSI sector.

Unsurprisingly, total third country imports of wheat into the EU rose in MY 2007/8 and are expected to reach 6.5 MMT. In addition to the traditional imports of high quality wheat for bread making, durum for pasta production, and planting seeds, much of this extra trade occurred in the early part of the season. This was fueled by the growing concerns surrounding the 2007 harvest but the momentum has now been lost. While third country imports are expected to fall back in MY 2008/9, some ongoing concerns over the crop situation in the Iberian Peninsula and its logistically driven preference for Black Sea supplies means that third country imports are currently forecast to reach 5.5 MMT, export embargoes permitting.

MY 2007/8 third country exports are currently expected to reach 9.5 MMT. While the pace is slowing, these have seen some recent support from French sales to North Africa (principally Egypt and Algeria); the recent Russia and, now-ended, Ukraine export embargo; and canceled US export sales to Turkey which has seen the latter buying from Bulgaria and Romania. For the out-year, prices are likely to remain volatile until a clearer picture of the world's 2008 harvest emerges. Much will also depend on the strength of the Euro, which has recently reached record highs against the US dollar, and the development of the US corn crop. In the meantime, third country exports are forecast to rise to 15 MMT.

Ending stocks, which are estimated to fall again in MY 2007/8, to just 13.6 MMT, are forecast to recover slightly in MY 2008/9 and, exports allowing, are forecast to reach almost 17.4 MMT.

Barley

Barley PSD

Country	EU-27									
Commodity	Barley									
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	13741	0	13784	13637	0	13800	0	0	14172	(1000 HA
Beginning Stocks	8535	0	8535	5580	0	5414	4641	0	5496	(1000 MT
Production	56151	0	56110	57758	0	57832	0	0	59000	(1000 MT
MY Imports	245	0	245	200	0	250	0	0	150	(1000 MT
TY Imports	167	0	167	200	0	250	0	0	150	(1000 MT
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT
Total Supply	64931	0	64890	63538	0	63496	4641	0	64646	(1000 MT
MY Exports	3501	0	3476	4500	0	4000	0	0	4500	(1000 MT
TY Exports	4389	0	4389	4200	0	4000	0	0	4500	(1000 MT
Feed Consumption	40000	0	39000	38547	0	37500	0	0	36500	(1000 MT
FSI Consumption	15850	0	17000	15850	0	16500	0	0	17000	(1000 MT
Total Consumption	55850	0	56000	54397	0	54000	0	0	53500	(1000 MT
Ending Stocks	5580	0	5414	4641	0	5496	0	0	6646	(1000 MT
Total Distribution	64931	0	64890	63538	0	63496	0	0	64646	(1000 MT
Yield	4.08638	0	4.07066	4.23539	0	4.19072	0	0	4.16314	(MT/HA)

A 1.2 MMT increase in the EU barley crop, to 59 MMT, is forecast for MY 2008/9. This follows a similar increase in the 2007 barley harvest when reduced harvests in the principle producers of Germany, France and the UK were more than offset by much improved harvests in Poland and Spain. The difference for the upcoming harvest is that the increase is being driven by a larger planted area. In MY 2007/8, while the EU average yield was good, quality was an issue for many Member States. In particular, France faced significant problems with smut. Crop progress for the 2008 harvest is currently reported to be good and expectations on yield and quality both remain positive; the exception is the Spanish crop which is currently forecast to fall 18 per cent to 9.5 MMT despite recent rains.

Production in main producing countries

Country	Year		
	2006	2007	2008
Germany	11967	10479	11900
France	10401	9456	11000
Spain	8318	11598	9500
UK	5239	5079	5800
Poland	3161	4070	3700
Denmark	3253	3085	3300
Czech Republic	1898	1894	2100

Total EU barley consumption is forecast little changed at 53.5 MMT in MY 2008/9. The reduced quality of the 2007 harvest limited supplies of malting barley, most notably in France, but this was offset by increased use in other areas. Improved quality in MY 2008/9 is forecast to lead to a small rise in FSI use to 17 MMT. Despite the reduced quality of the EU barley crop in 2007, improved prices due to tight world supplies limited the feed use which fell 1.5 MMT to 37.5 MMT. With the exception of the Iberian Peninsula, feed use is forecast stable or higher across the EU in MY 2008/9.

Third country exports were little changed in MY 2007/8, the small falls reported by most Member States countered by strong French exports. In particular, France is reported to have benefited from sales to Saudi Arabia and China following the reduced availability of Canadian and Australian supplies. A similar export volume is currently forecast for MY 2008/9.

EU barley stock levels are expected to remain very low, at just 5.5 MMT in MY 2007/8. All of this is held in commercial hands. The improvement in supply in MY 2008/9 is forecast to lead to some re-building of intervention stocks, albeit small and mainly in France, if exports remain stable.

Corn

Corn PSD

Country	EU-27									
Commodity	Corn									
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008	MM/YYYY
Area Harvested	8596	0	8489	7693	0	8394	0	0	8582	(1000 HA
Beginning Stocks	9951	0	9951	10078	0	7925	5899	0	5900	(1000 MT
Production	54835	0	53829	47721	0	47525	0	0	55200	(1000 MT
MY Imports	7056	0	7056	11500	0	12000	0	0	7000	(1000 MT
TY Imports	7056	0	7056	11500	0	12000	0	0	7000	(1000 MT
TY Imp. from U.S.	45	0	45	0	0	0	0	0	0	(1000 MT
Total Supply	71842	0	70836	69299	0	67450	5899	0	68100	(1000 MT
MY Exports	664	0	664	300	0	300	0	0	500	(1000 MT
TY Exports	664	0	664	300	0	300	0	0	500	(1000 MT
Feed Consumption	46500	0	48682	48100	0	48500	0	0	46200	(1000 MT
FSI Consumption	14600	0	13565	15000	0	12750	0	0	14000	(1000 MT
Total Consumption	61100	0	62247	63100	0	61250	0	0	60200	(1000 MT
Ending Stocks	10078	0	7925	5899	0	5900	0	0	7400	(1000 MT
Total Distribution	71842	0	70836	69299	0	67450	0	0	68100	(1000 MT
Yield	6.37913	0	6.34103	6.20317	0	5.66178	0	0	6.43207	(MT/HA)

EU corn production fell sharply in MY 2007/8, by 6.3 MMT to just 47.5 MMT. The drought in the east of the EU severely affected the key producing nations of Romania and Hungary. Together they reported more than a halving of their crops to just 8 MMT, a fall of 8.5 MMT on the previous year. Bulgaria also suffered, at just 300,000 MT its normally small crop of around 1.5 MMT was all but destroyed. In contrast, the very wet weather in France led to a larger than anticipated crop of 14.3 MMT. MY 2008/9 is forecast to see the production recover to 55 MMT, with falls only expected in France and Spain, the latter due to irrigation limitations following the recent drought.

FSI and feed use of corn is relatively stable in MY 2007/8, the latter supported by the switch mainly away from wheat but also, to some extent, from barley. This switch also supported EU imports of soybean meal and tapioca for feed in the early part of MY2007/8, both considerably higher than a year earlier. The reduced EU corn supplies led to an increase in import demand for third country corn and a sharp draw down in intervention stocks. Most of the increased imports were of Brazilian origin due to that country's ability to certify biotech-free – the prevalence of non-EU approved corn varieties in the US and Argentina currently limit their ability to export to the EU.

With MY 2008/9 feed use forecast to fall 2.3 MMT as other grains once again become more attractive, third country imports are forecast to return to 7 MMT. While intervention stocks are expected to be all but empty by end MY 2007/8, ending stocks are only expected to fall to 5.9 MMT. Anecdotal evidence suggests that, in particular, French corn growers and corn cooperatives are holding stocks based on the belief that corn prices will rise in MY 2008/09 due to a forecast short US corn crop. Subsequently, a small recovery of just 1.5 MMT is forecast for MY 2008/9 ending stocks, all of this in commercial hands.

Rye

Rye PSD

Country	EU-27									
Commodity	Rye									
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	2332	0	2335	2659	0	2580	0	0	2697	(1000 HA
Beginning Stocks	1874	0	1874	775	0	775	858	0	500	(1000 MT
Production	6536	0	6541	7583	0	7714	0	0	9300	(1000 MT
MY Imports	25	0	25	75	0	100	0	0	50	(1000 MT
TY Imports	36	0	36	75	0	100	0	0	50	(1000 MT
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT
Total Supply	8435	0	8440	8433	0	8589	858	0	9850	(1000 MT
MY Exports	419	0	419	50	0	100	0	0	100	(1000 MT
TY Exports	308	0	308	50	0	100	0	0	100	(1000 MT
Feed Consumption	2125	0	2700	2200	0	3489	0	0	3850	(1000 MT
FSI Consumption	5116	0	4546	5325	0	4500	0	0	4700	(1000 MT
Total Consumption	7241	0	7246	7525	0	7989	0	0	8550	(1000 MT
Ending Stocks	775	0	775	858	0	500	0	0	1200	(1000 MT
Total Distribution	8435	0	8440	8433	0	8589	0	0	9850	(1000 MT
Yield	2.80274	0	2.80128	2.85182	0	2.98992	0	0	3.44828	(MT/HA)

The main EU rye producers are Poland and Germany. While Poland harvested a larger rye crop in 2007, extreme weather conditions in Germany led to a poor crop for the second consecutive year. With prospects for the 2008 harvest much improved, production is forecast to increase 1.6 MMT to 9.3 MMT. Due to the short crops in MY 2006/7 and MY 2007/8 and the end of rye intervention in the EU, prices for rye have climbed to unexpected highs during the past 18 months. Third country exports of rye subsequently dropped to about 100,000 MT, of which 50,000 MT of German rye went to the US. The lower quality of the crop increased feed use in MY 2007/8 while the higher prices also led to a cessation of rye use in ethanol production in Germany in 2007. Indeed, rather than seeking alternate supplies, several ethanol plants simply stopped production in Germany. With EU food use of rye stagnating, the increased supplies forecast for MY 2008/9 are expected to buoy stocks and further increase feed use.

Sorghum

Sorghum PSD

Country	EU-27									
Commodity	Sorghum									
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	104	0	104	102	0	96	0	0	100	(1000 HA
Beginning Stocks	90	0	90	176	0	20	78	0	200	(1000 MT
Production	558	0	560	582	0	548	0	0	535	(1000 MT
MY Imports	653	0	653	4900	0	4500	0	0	2500	(1000 MT
TY Imports	1474	0	1474	4500	0	4500	0	0	2500	(1000 MT
TY Imp. from U.S.	1379	0	1379	0	0	0	0	0	0	(1000 MT
Total Supply	1301	0	1303	5658	0	5068	78	0	3235	(1000 MT
MY Exports	5	0	1	10	0	10	0	0	10	(1000 MT
TY Exports	5	0	1	10	0	10	0	0	10	(1000 MT
Feed Consumption	950	0	1202	5400	0	4758	0	0	3025	(1000 MT
FSI Consumption	170	0	80	170	0	100	0	0	100	(1000 MT
Total Consumption	1120	0	1282	5570	0	4858	0	0	3125	(1000 MT
Ending Stocks	176	0	20	78	0	200	0	0	100	(1000 MT
Total Distribution	1301	0	1303	5658	0	5068	0	0	3235	(1000 MT
Yield	5.36538	0	5.38462	5.70588	0	5.70833	0	0	5.35	(MT/HA)

The tight supplies of feed grains in MY 2007/8 have seen European importers - mainly in Spain, the Benelux and France – dramatically increase their purchases of sorghum from 653,000 MT in MY 2006/07 to an expected 4.5 MMT. Of this total, the vast majority is of US origin with most of the remainder coming from Argentina. Sorghum and corn have been the most competitive feed grains during recent months. This unusual import situation is unlikely to be repeated. The forecast increase in the EU grain harvest in the summer of 2008 is expected to lead to a steady return to pre-price spike EU feeding patterns. This will particular affect imports of sorghum. That said, they are still forecast to reach 2.5 MMT in the out-year, principally due to import demand in Spain which, while reduced on MY 2007/8, is forecast to remain high due to the domestic crop situation.

Oats

Oats PSD

Country	EU-27									
Commodity	Oats									
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	2925	0	2906	2977	0	3007	0	0	3029	(1000 HA
Beginning Stocks	772	0	772	762	0	674	857	0	650	(1000 MT
Production	7726	0	7643	8900	0	8703	0	0	8875	(1000 MT
MY Imports	10	0	4	10	0	5	0	0	5	(1000 MT
TY Imports	5	0	5	10	0	5	0	0	5	(1000 MT
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT
Total Supply	8508	0	8419	9672	0	9382	857	0	9530	(1000 MT
MY Exports	99	0	98	200	0	150	0	0	150	(1000 MT
TY Exports	124	0	124	200	0	150	0	0	150	(1000 MT
Feed Consumption	5782	0	5782	6700	0	6702	0	0	6830	(1000 MT
FSI Consumption	1865	0	1865	1915	0	1880	0	0	1900	(1000 MT
Total Consumption	7647	0	7647	8615	0	8582	0	0	8730	(1000 MT
Ending Stocks	762	0	674	857	0	650	0	0	650	(1000 MT
Total Distribution	8508	0	8419	9672	0	9382	0	0	9530	(1000 MT
Yield	2.64137	0	2.63008	2.98959	0	2.89425	0	0	2.93001	(MT/HA)

The leading producing countries for oats in the EU are Poland, Finland and Sweden. Production increased 1.1 MMT, to 8.7 MMT, in 2007 and it is also expected to reach a similar production level in 2008. Trade in oats is almost exclusively intra-EU with the minor export volume to non-EU countries originating from Finland and Sweden. FSI use remains stable year-on-year with any fluctuations in production being felt directly in feed use, as witnessed in MY2007/8. Similarly, the larger crop currently forecast for MY 2008/9 is again expected to buoy supplies available for feed.

Mixed Grain

Mixed Grain PSD

Country	EU-27									
Commodity	Mixed Grain									
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	4108	0	4106	3912	0	4094	0	0	3930	(1000 HA
Beginning Stocks	1524	0	1524	489	0	263	380	0	736	(1000 MT
Production	12515	0	12269	14391	0	13962	0	0	14250	(1000 MT
MY Imports	0	0	20	0	0	11	0	0	10	(1000 MT
TY Imports	0	0	0	0	0	11	0	0	10	(1000 MT
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT
Total Supply	14039	0	13813	14880	0	14236	380	0	14996	(1000 MT
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT
Feed Consumption	12650	0	12650	13600	0	12600	0	0	13100	(1000 MT
FSI Consumption	900	0	900	900	0	900	0	0	900	(1000 MT
Total Consumption	13550	0	13550	14500	0	13500	0	0	14000	(1000 MT
Ending Stocks	489	0	263	380	0	736	0	0	996	(1000 MT
Total Distribution	14039	0	13813	14880	0	14236	0	0	14996	(1000 MT
Yield	3.04649	0	2.98807	3.67868	0	3.41036	0	0	3.62595	(MT/HA)

Mixed grain numbers include triticale and the threshed, dry seeds of wheat, barley, corn, oats, rye and sorghum grown and harvested in the same field. The main producer is Poland, increasing its production by 1.9 MMT to 8.5 MMT in 2007. This is 61 percent of total EU mixed grain production. Most of the mixed grain production is directly consumed on the producing farm although there is limited intra-EU trade in triticale. As result of the larger 2007 harvest, stocks in Poland - which had reached an all-time low - are forecast to partially recover by the end of MY 2007/08. With another good crop currently forecast for MY 2008/9, a further rise in stocks is expected.

Related Reports

Report Number	Title	Date Released
UP8007	Ukraine | New Export Regulations for Grains	04/07/2008
GM8011	Germany | Grain Crop Forecast at 47 MMT	02/25/2008
BU8002	Bulgaria | Grain and Oilseeds Market Update	02/11/2008
GM8005	Germany | Grain Price Situation and Crop Outlook	01/30/2008
UK7033	United Kingdom | UK expects volatile grain market this season	11/13/2007
IT7030	Italy | Durum Wheat Market Development	11/14/2007
GM7048	Germany | German Grain Outlook	11/08/2007
UK7030	United Kingdom | UK cereal crop down 9 percent	10/17/2007
BU7025	Bulgaria | Grains and Oilseeds Update	08/30/2007
RO7006	Romania | Drought and heat severely impact grains production	08/27/2007
These reports are available on the FAS website at : http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp		